

**A RESOLUTION URGING THE ALASKA LEGISLATURE AND WALKER ADMINISTRATION
TO ANALYZE CUMULATIVE IMPACTS PRIOR TO IMPOSING NEW TAXES
ON THE SEAFOOD INDUSTRY.**

WHEREAS the seafood industry is the largest private sector employer in Alaska and provides approximately 60,000 jobs each year and directly employed 26,700 Alaskans in 2013-2014; and

WHEREAS, the seafood industry averaged \$5.9 billion in economic activity statewide in those years, with an associated labor income of \$2.1 billion; and

WHEREAS, over 31,500 commercial fishermen operating 8,600 vessel delivered 5.7 billion pounds of seafood in 2014 with a first wholesale value of \$4.2 billion, and the processing sector employed more than 25,000 workers who were paid \$460 million; and

WHEREAS, the seafood industry paid \$138.6 million in fishing related taxes and fees that was distributed to Alaska's general fund (55%), local governments (38%), and federal agencies (7%), and over \$100 million in royalties to Community Development Quota (CDQ) groups in western Alaska, salmon hatchery cost recovery programs, and Regional Seafood Development Associations (RSDAs) assessments, in addition to various local taxes and fees; and

WHEREAS, 65 Alaskan cities, boroughs, and municipalities receive half of the fisheries business and landing taxes paid by the seafood industry each year, which greatly reduces reliance on the capitol budget and provides infrastructure they could not otherwise afford; and

WHEREAS, the seafood industry is managed under a Constitutional mandate to ensure sustainability and has provided a consistent source of jobs and revenue to the state of Alaska and Southeast region for over 100 years and will continue to contribute indefinitely ; and

WHEREAS, 291 million pounds of seafood, valued at \$260 million, was harvested in 2014 by fishermen in Southeast Alaska, where nine communities typically number among the nation's top ranked fishing ports for volume and/or value – three (Sitka, Ketchikan, Petersburg) consistently in the Top 20; and

WHEREAS, 54 shorebased operations in Southeast Alaska processed 235 million pounds of seafood in 2014, with a first wholesale value of \$520 million; and

WHEREAS, seafood is responsible for 20% of the average annual monthly employment in Southeast Alaska and provided nearly 10,000 full time equivalent jobs to the region in 2013 and 2014; and

WHEREAS, more than 12,000 people in were directly employed harvesting, processing, or working at hatchery facilities Southeast Alaska during 2013 and 2014; and

WHEREAS, the seafood industry has expressed concern about the cumulative effects of a wide range of proposed taxes and fees on small businesses that already carry a heavy tax burden, which could cause a decline in growth or recession within the industry; and

WHEREAS, the Alaska Legislature and Walker Administration are considering options to impose new and increased taxes and fees on such things as: seafood landings, motor fuel, permit and vessel licenses, and individual income tax; the combined effect of which could have far reaching ramifications to the health of the seafood industry in the State and Southeast Alaska; and

WHEREAS, the seafood industry is currently facing significant challenges, due to the worldwide economic downturn, fluctuating currency rates, and a Russian embargo;

THEREFORE BE IT RESOLVED that our businesses specifically oppose the 12.5% royalty proposed through Senate Bill 198, and views the measure as an unreasonable tax burden on an industry composed of small businesses that provide more jobs than any other and currently pays the second highest combined tax rate in the State; and

THEREFORE BE IT FURTHER RESOLVED that our businesses urge the Alaska Legislature and Walker Administration to carefully analyze the cumulative impact of any additional taxes and fees levied on the seafood industry, so as not to create an unfair tax burden and disincentive for investment, or otherwise lead to destabilization and job loss in the seafood industry and our communities.

The following organizations and businesses operating in Southeast Alaska issued support for this resolution on February 29, 2016:

Fishing Organizations

Linda Behnken

Alaska Longline Fishermen's Association

Kathy Hansen

Southeast Alaska Fishermen's Association

Dale Kelley

Alaska Trollers Association

Cynthia Wallesz

United Southeast Alaska Gillnetters

Megan O'Neil

Petersburg Vessel Owner's Association

Robert Thorstenson

Southeast Alaska Seiners

Jim Stone

Alaska Scallop Association

Phil Doherty

Southeast Alaska Dive Fishermen's Association

Lisa Terry

Alaska Independent Tenderman's Association

Bob Kehoe

Purse Seine Vessel Owners Association

Processors

Tom McLaughlin

Seafood Producers Cooperative

Terry Barry

Hoonah Cold Storage

Mike Erickson

Alaska Glacier Seafoods

John Garner

North Pacific Seafoods

Greg Indreland

Yakutat Seafoods

Vern Phillips

Pacific Seafood

Eric Norman
Taku Fisheries

Sandy Souter
Alaska General Seafoods

Rob Zuanich
Silver Bay Seafoods

Don Spigelmyre
Icicle Seafoods

Aquaculture Associations

Dave Landis
Southern Southeast Regional Aquaculture Assn

Eric Prestegard
Douglas Island Pink and Chum

Steve Reifenstuhl
Northern Southeast Regional Aquaculture Assn

Jeff Lundberg
Prince of Wales Hatchery Association

Ian Fisk
Armstrong-Keta, Inc.

Individual Seafood Businesses

Mark Tupper
Triad Fisheries

George Eliason, Owner
Tammy Lin Fisheries

Sources

[The Economic Value of Alaska's Seafood Industry, McDowell Group, December 2015.](#)

http://ebooks.alaskaseafood.org/ASMI_Seafood_Impacts_Dec2015/pubData/source/ASMI%20Alaska%20Seafood%20Impacts%20Final%20Dec2015%20-%20low%20res.pdf

[2015 ADOR Annual Report](#)

<http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?1107r>

[Top Major Ports by Pounds ; Top Major Ports by Value](#)

<http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/other-specialized-programs/total-commercial-fishery-landings-at-major-u-s-ports-summarized-by-year-and-ranked-by-poundage/index>

<http://www.st.nmfs.noaa.gov/commercial-fisheries/commercial-landings/other-specialized-programs/total-commercial-fishery-landings-at-major-u-s-ports-summarized-by-year-and-ranked-by-dollar-value/index>